

INCOMING TELEGRAM

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Department of State

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Action

Control: 16789
Rec'd: May 27, 1957
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Info

FROM: Paris

TO: Secretary of State

NO: POLTO 2828, May 27, 5 p.m. (SECTION ONE OF TWO)

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NIACT

SAMP DEPARTMENT POLTO 2828; REPEATED INFORMATION PRIORITY LONDON
POLTO 390, PRIORITY BONN POLTO 281, PRIORITY TOKYO POLTO 49,
ANKARA, ATHENS, BRUSSELS, COPENHAGEN, THE HAGUE, LISBON, OSLO,
OTTAWA, LUXEMBOURG, ROME POLTO UNNUMBERED.

EXCERPT

Subject: China Trade Control.

Reference: POLTO 2807.

Following is text of UK statement on China controls made in CHINON
May 27.

BEGIN VERBATIM:

QUOTE

HMG have considered their position in light of discussions which
have recently taken place in China Committee on French proposal
and various other counterproposals and have instructed me to make
following statement concerning controls over strategic exports
to China, North Vietnam and North Korea.

2. Certain over-riding considerations govern their attitude. They
are as follows:

(A) Effective, agreed and acceptable system of strategic controls
towards China and Soviet bloc is in mutual security interests of
free world. HMG intend to continue their established policy of
cooperating with all member governments in supporting this system.

(B) Only basis for effective and acceptable control towards China
is one which abolishes differential lists and controls and which
receives willing cooperation of governments and traders.

(C) Recent discussions in committee have made clear strong desire of
all

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all those countries that actively trade with China to abolish differential controls. HMG considered that this expression of views fully supports decision they intend to take.

(D) HMG wish to cooperate in putting into effect principles enunciated in French proposal, namely, unanimity and simultaneity of applications and elimination of any geographic or other distinctions likely to lead to differences of treatment.

3. Those, then, are considerations guiding HMG at this moment, namely, desire for effective and acceptable controls, brought about by abolition of differential, in accordance with wish of countries that trade with China. It is because they firmly held to these considerations that HMG steadfastly supported and continue to support French proposal.

4. Nevertheless HMG would certainly have preferred that there should have been completely unanimous agreement, and they have noted strong desire, which they share, to find basis for agreement. They therefore examined second compromise proposal (proposal B) with extreme care before they reluctantly decided that, in form in which it was presented, it did not provide basis for unanimous agreement. It unfortunately maintained strict controls over List II items, which are only under quantitative control for Soviet bloc. In HMG opinion this would have caused continued bitterness and recrimination in UK and within China committee. It would have meant that HMG would have been under constant pressure to go back on any agreement reached, and it would only have harmed good international relation that exist in other more important spheres. This lack of provision for List II exports was essence of problem presented by last compromise proposal.

5. HMG however, wish to promote cooperation in this field, and hope that similar cooperation will be forthcoming from all members of committee. They therefore announce in advance (A) that they will most willingly join forthwith in procedure of fixing quotas, which they hope can be begun as soon as possible, and also (B) that they are ready to see quotes on certain items kept as low as possible. Details can be worked out in course of List II review in this committee.

6. HMG regret that for reasons already given they cannot agree to maintain any special exceptions procedure for List III, and they intend to free from any form of embargo or control all items on China consolidated list.

7. As far as List III items are concerned, however, HMG have noted that second compromise proposal suggested system of special reporting. In order to comply with spirit of this proposal HMG are prepared to speed up "surveillance" or watch procedure, in order to enable China committee to have full statistical information on List III exports to

China

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China more rapidly than has recently happened over List III exports to Soviet bloc.

8. HMG intend to make statement in Parliament during this week, possibly on Wednesday, May 29, and certainly not before May 29.

PERKINS

MGG:MAA

Note: Mr. Henderson (E) notified 5/27/57 5:45 p.m. EH

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